

Unaudited Financial Statements For The Half Year Ended 30 June 2020

TABLE OF CONTENTS

Item No.	Description	Page No.
Part I Information Required for Quarterly (Q1, Q2 & Q3), Half-Year and Full Year Announcements		
1(a)(i)	Income statement	1
1(a)(ii)	Statement of comprehensive income	2
1(b)(i)	Statement of financial position	3
1(b)(ii)	Group's borrowings and debt securities	4
1(c)	Statement of cash flows	5
1(d)(i)	Statement of changes in equity	7
1(d)(ii)	Share capital	9
1(d)(iii)	To show the total number of issued shares excluding treasury shares as at the end of the current financial period and as at the end of the immediately preceding year	9
1(d)(iv)	A statement showing all sales, transfers, disposal, cancellation and/or use of treasury shares as at the end of the current financial period reported on	9
1(d)(v)	A statement showing all sales, transfers, cancellation and/or use of subsidiary holdings as at the end of the current financial period reported on	9
2	Whether the figures have been audited or reviewed, and in accordance with which auditing standard or practice	10
3	Where the figures have been audited or reviewed, the auditors' report (including any qualifications or emphasis of a matter)	10
3A	Where the latest financial statements are subject to an adverse opinion, qualified opinion or disclaimer of opinion	10
4	Whether the same accounting policies and methods of computation as in the issuer's most recently audited annual financial statements have been applied	10
5	If there are any changes in the accounting policies and methods of computation, including any required by an accounting standard, what has changed, as well as the reasons for, and the effect of, the change	10
6	Earnings per ordinary share of the group for the current financial period reported on and the corresponding period of the immediately preceding financial year, after deducting any provision for preference dividends	11

Unaudited Financial Statements For The Half Year Ended 30 June 2020

Item No.	Description	Page No.
7	Net asset value (for the issuer and group) per ordinary share based on the total number of issued shares excluding treasury shares of the issuer at the end of the current financial period reported on; and immediately preceding financial year	11
8	A review of the performance of the group, to the extent necessary for a reasonable understanding of the Group's business	11
9	Where a forecast, or a prospect statement, has been previously disclosed to shareholders, any variance between it and the actual results	18
10	A commentary at the date of the announcement of the significant trends and competitive conditions of the industry in which the group operates and any known factors or events that may affect the group in the next reporting period and the next 12 months	18
11	Dividend	19
12	If no dividend has been declared or recommended, a statement to that effect	19
13	If the Group has obtained a general mandate from shareholders for IPTs, the aggregate value of such transactions as required under rule 920(1)(a)(ii). If no IPT mandate has been obtained, a statement to that effect	20
14	Negative confirmation pursuant to rule 705(5)	21
15	Confirmation that the issuer has procured undertakings from all its directors and executive officers (in the format set out in Appendix 7.7) under Rule 720(1)	21

Some figures and percentages within the explanations may not exactly match due to rounding off.

Unaudited Financial Statements For The Half Year Ended 30 June 2020
Part I Information Required for Quarterly (Q1, Q2 & Q3), Half-Year and Full Year Announcements
1(a)(i) INCOME STATEMENT

	Note	Group		Change %
		SIX MONTHS ENDED		
		30 Jun 2020 US\$'000	30 Jun 2019 US\$'000	
Revenue	8.1.2	1,485,252	1,419,162	4.7%
Cost of sales	8.1.3	(1,352,193)	(1,352,111)	0.0%
Gross profit	8.1.4	133,059	67,051	98.4%
Other income	8.1.6	1,820	3,523	-48.3%
Other (losses)/gains (Note A)	8.1.7	(27,568)	355	n.m.
(Provision)/Reversal of expected credit losses	8.1.8	(5,975)	100	n.m.
Expenses				
- Selling and distribution	8.1.9	(18,839)	(20,558)	-8.4%
- Administrative	8.1.10	(40,346)	(40,449)	-0.3%
- Finance	8.1.11	(5,405)	(8,108)	-33.3%
Share of profit of associated company		20	40	-50.0%
Profit before tax	8.1.12	36,766	1,954	1781.6%
Income tax (expense)/credit	8.1.13	(9,558)	530	n.m.
Profit after tax	8.1.14	27,208	2,484	995.3%
Profit after tax attributable to:				
Equity holders of the Company	8.1.14	27,834	2,791	897.3%
Non-controlling interests		(626)	(307)	103.9%
		27,208	2,484	995.3%

The Group measures and tracks the earnings in terms of Operating Margin ("OM") as calculated below.

	Note	Group		Change %
		SIX MONTHS ENDED		
		30 Jun 2020 US\$'000	30 Jun 2019 US\$'000	
Gross profit		133,059	67,051	98.4%
Add: Depreciation in Cost of sales		7,706	6,732	14.5%
Less: Selling and distribution expenses		(18,839)	(20,558)	-8.4%
(Less)/Add: (Provision)/Reversal of expected credit losses		(5,975)	100	n.m.
(Less)/Add: Foreign exchange (losses)/gains		(21,062)	354	n.m.
Operating margin	8.1.5	94,889	53,679	76.8%

n.m. – not meaningful

Note A Other (losses)/gains included foreign exchange losses of US\$21.1 million for the half year (H1 2019: gains of US\$0.4 million). Foreign exchange gains or losses arise within the entities in the Group when transactions are denominated in currencies other than the entities' functional currencies. Variance is explained by changes in the exchange rates from the dates of transactions to the dates of settlements or the financial reporting date. The Group uses currency forward contracts to hedge against the foreign exchange fluctuation risk resulting from commodities forward contracts. The foreign exchange gains or losses are better read together with gross profit.

Unaudited Financial Statements For The Half Year Ended 30 June 2020

1(a)(ii) STATEMENT OF COMPREHENSIVE INCOME

	Group		Change %
	30 Jun 2020 US\$'000	30 Jun 2019 US\$'000	
Profit after tax	27,208	2,484	995.3%
Other comprehensive income:			
Items that may be reclassified subsequently to profit or loss:			
Currency translation differences arising from foreign subsidiaries, net of tax			
- Losses	(5,962)	(106)	5524.5%
Total comprehensive income, net of tax	21,246	2,378	793.4%
Total comprehensive income attributable to:			
Equity holders of the Company	21,959	2,707	711.2%
Non-controlling interests	(713)	(329)	116.7%
	21,246	2,378	793.4%

Unaudited Financial Statements For The Half Year Ended 30 June 2020
1(b)(i) STATEMENT OF FINANCIAL POSITION

	Notes	Group		Company	
		As at	As at	As at	As at
		30 Jun 2020	31 Dec 2019	30 Jun 2020	31 Dec 2019
		US\$'000	US\$'000	US\$'000	US\$'000
ASSETS					
Current assets					
	8.2.1				
Inventories		243,096	323,190	-	-
Trade receivables		181,053	243,785	-	-
Other receivables		25,501	77,973	303,265	300,731
Current income tax recoverable		1,060	4,961	-	-
Derivative financial instruments		40,030	71,797	-	-
Cash and cash equivalents		158,572	61,814	513	86
		649,312	783,520	303,778	300,817
Non-current assets					
	8.2.2				
Intangible asset		970	970	-	-
Property, plant and equipment		444,679	464,829	-	-
Investments in subsidiaries		-	-	849	849
Investment in associated company		564	569	-	-
Deferred income tax assets		2,792	2,864	-	-
Derivative financial instruments		-	33	11	29
		449,005	469,265	860	878
Total assets		1,098,317	1,252,785	304,638	301,695
LIABILITIES					
Current liabilities					
Trade payables		129,027	125,034	-	-
Other payables		66,254	50,579	178	305
Contract liabilities		8,415	6,808	-	-
Lease liabilities		466	521	-	-
Current income tax liabilities		2,483	1,701	375	329
Derivative financial instruments		31,507	118,784	-	-
Borrowings		258,831	373,748	-	-
		496,983	677,175	553	634
Non-current liabilities					
Lease liabilities		6,980	7,206	-	-
Deferred income tax liabilities		23,710	18,688	2,035	1,806
Borrowings		27,072	27,149	-	-
		57,762	53,043	2,035	1,806
Total liabilities	8.2.3	554,745	730,218	2,588	2,440
NET ASSETS		543,572	522,567	302,050	299,255
EQUITY					
Capital and reserves attributable to equity holders of the Company:					
Share capital		1,501	1,501	1,501	1,501
Share premium		180,012	180,012	180,012	180,012
Other reserves		(43,830)	(37,955)	3,509	3,509
Retained profits		406,534	378,700	117,028	114,233
		544,217	522,258	302,050	299,255
Non-controlling interests		(645)	309	-	-
Total equity		543,572	522,567	302,050	299,255

Unaudited Financial Statements For The Half Year Ended 30 June 2020

1(b)(ii) GROUP'S BORROWINGS AND DEBT SECURITIES

	Group As at 30 Jun 2020		Group As at 31 Dec 2019	
	Secured US\$'000	Unsecured US\$'000	Secured US\$'000	Unsecured US\$'000
The amount repayable in one year or less, or on demand	5,879	252,952	7,561	366,187
The amount repayable after one year	27,072	-	18,149	9,000
	32,951	252,952	25,710	375,187

Details of collaterals

Certain borrowings are collateralised by certain property, plant and equipment that are financed by certain banks. The collaterals also include corporate guarantees by the Company.

Unaudited Financial Statements For The Half Year Ended 30 June 2020

1(c) STATEMENT OF CASH FLOWS

	Group	
	SIX MONTHS ENDED	
	30 Jun 2020	30 Jun 2019
	US\$'000	US\$'000
Cash flows from operating activities		
Profit after tax	27,208	2,484
Adjustments for:		
- Income tax expense/(credit)	9,558	(530)
- Depreciation	11,131	9,476
- Losses/(Gains) on disposal of property, plant and equipment	43	(24)
- Property, plant and equipment written off	9	19
- Impairment losses on property, plant and equipment	3,762	-
- Interest income	(604)	(2,106)
- Interest expense	5,405	8,108
- Share of profit of associated company	(20)	(40)
Operating cash flows before working capital changes	56,492	17,387
Changes in operating assets and liabilities:		
- Inventories	68,470	60,666
- Trade and other receivables	127,554	59,839
- Contract liabilities	1,607	4,280
- Trade and other payables	22,480	(13,081)
- Derivative financial instruments	(54,141)	5,565
Cash flows from operations	222,462	134,656
Interest received	152	1,920
Interest paid	(5,405)	(8,108)
Income tax refunded/(paid)	891	(2,877)
Net cash flows from operating activities	218,100	125,591
Cash flows from investing activities		
(Increase)/Decrease in other receivables	(1,230)	5,248
Additions to property, plant and equipment	(11,957)	(30,422)
Proceeds from disposals of property, plant and equipment	75	144
Net cash flows used in investing activities	(13,112)	(25,030)
Cash flows from financing activities		
Decrease in restricted short term bank deposits	-	333
Proceeds from long term borrowings	11,371	-
Repayment of long term borrowings	(9,599)	(5,963)
Net repayment of short term borrowings	(108,071)	(74,745)
Interest received	452	186
Repayment of lease liabilities	(281)	(157)
Dividends paid to equity holders of the Company	-	(4,964)
Dividends paid to non-controlling interest	(241)	(327)
Net cash flows used in financing activities	(106,369)	(85,637)
Net change in cash and cash equivalents	98,619	14,924
Cash and cash equivalents at beginning of the financial period	61,814	48,278
Effect of changes in exchange rate on cash and cash equivalents	(1,861)	(43)
Cash and cash equivalents at end of the financial period	158,572	63,159
Represented by:		
Cash and bank balances	158,572	63,159
Cash and cash equivalents per consolidated statement of cash flows	158,572	63,159

MEWAH INTERNATIONAL INC.

(Incorporated in the Cayman Islands. Registration Number: CR-166055)

Unaudited Financial Statements For The Half Year Ended 30 June 2020
1(c) STATEMENT OF CASH FLOWS (continued)

Reconciliation of liabilities arising from financing activities.

	1 Jan	Proceeds from	Principal payments *	Non-cash changes	30 Jun
	US\$'000	borrowings	US\$'000	Foreign exchange	US\$'000
				movement	
				US\$'000	US\$'000
2020					
Borrowings	400,897	11,371	(117,670)	(8,695)	285,903
Lease liabilities	7,727	-	(281)	-	7,446
2019					
Borrowings	450,865	-	(80,708)	105	370,262
Lease liabilities	7,371	-	(157)	-	7,214

* Principal payments include net proceeds/repayment of short-term borrowings.

MEWAH INTERNATIONAL INC.

(Incorporated in the Cayman Islands. Registration Number: CR-166055)

Unaudited Financial Statements For The Half Year Ended 30 June 2020
1(d)(i) STATEMENT OF CHANGES IN EQUITY

For the period from 1 Jan 2020 to 30 Jun 2020 Group	Attributable to Equity Holders of the Company							Total	Non- controlling interests	Total equity
	Share capital	Share premium	Capital redemption reserve	Merger reserve	General reserve	Currency translation reserve	Retained profits			
	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000
Beginning of the financial period	1,501	180,012	3,509	(53,005)	(720)	12,261	378,700	522,258	309	522,567
Profit for the period	-	-	-	-	-	-	27,834	27,834	(626)	27,208
Other comprehensive loss for the period	-	-	-	-	-	(5,875)	-	(5,875)	(87)	(5,962)
Total comprehensive income for the period	-	-	-	-	-	(5,875)	27,834	21,959	(713)	21,246
Dividend paid	-	-	-	-	-	-	-	-	(241)	(241)
Total transactions with owners, recognised directly in equity	-	-	-	-	-	-	-	-	(241)	(241)
End of the financial period	1,501	180,012	3,509	(53,005)	(720)	6,386	406,534	544,217	(645)	543,572

For the period from 1 Jan 2019 to 30 Jun 2019 Group	Attributable to Equity Holders of the Company							Total	Non- controlling interests	Total equity
	Share capital	Share premium	Capital redemption reserve	Merger reserve	General reserve	Currency translation reserve	Retained profits			
	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000
Beginning of the financial period	1,501	180,012	3,509	(53,005)	(720)	11,135	377,094	519,526	679	520,205
Profit for the period	-	-	-	-	-	-	2,791	2,791	(307)	2,484
Other comprehensive loss for the period	-	-	-	-	-	(84)	-	(84)	(22)	(106)
Total comprehensive income for the period	-	-	-	-	-	(84)	2,791	2,707	(329)	2,378
Dividend paid	-	-	-	-	-	-	(4,964)	(4,964)	(327)	(5,291)
Acquisition of subsidiaries	-	-	-	-	-	-	-	-	262	262
Total transactions with owners, recognised directly in equity	-	-	-	-	-	-	(4,964)	(4,964)	(65)	(5,029)
End of the financial period	1,501	180,012	3,509	(53,005)	(720)	11,051	374,921	517,269	285	517,554

MEWAH INTERNATIONAL INC.

(Incorporated in the Cayman Islands. Registration Number: CR-166055)

Unaudited Financial Statements For The Half Year Ended 30 June 2020

1(d)(i) STATEMENT OF CHANGES IN EQUITY (continued)

For the period from 1 Jan 2020 to 30 Jun 2020 Company	Attributable to Equity Holders of the Company				
	Share capital US\$'000	Share premium US\$'000	Capital redemption reserve US\$'000	Retained profits US\$'000	Total equity US\$'000
Beginning of the financial period	1,501	180,012	3,509	114,233	299,255
Profit for the period	-	-	-	2,795	2,795
Total comprehensive income for the period	-	-	-	2,795	2,795
End of the financial period	1,501	180,012	3,509	117,028	302,050

For the period from 1 Jan 2019 to 30 Jun 2019 Company	Attributable to Equity Holders of the Company				
	Share capital US\$'000	Share premium US\$'000	Capital redemption reserve US\$'000	Retained profits US\$'000	Total equity US\$'000
Beginning of the financial period	1,501	180,012	3,509	98,224	283,246
Profit for the period	-	-	-	20,863	20,863
Total comprehensive income for the period	-	-	-	20,863	20,863
Dividend paid	-	-	-	(4,964)	(4,964)
Total transactions with owners, recognised directly in equity	-	-	-	(4,964)	(4,964)
End of the financial period	1,501	180,012	3,509	114,123	299,145

MEWAH INTERNATIONAL INC.

(Incorporated in the Cayman Islands. Registration Number: CR-166055)

Unaudited Financial Statements For The Half Year Ended 30 June 2020

1(d)(ii) SHARE CAPITAL

Details of any changes in the company's share capital arising from rights issue, bonus issue, share buy-backs, exercise of share options or warrants, conversion of other issues of equity securities, issue of shares for cash or as consideration for acquisition or for any other purpose since the end of the previous period reported on. State the number of shares that may be issued on conversion of all the outstanding convertibles, if any, against the total number of issued shares excluding treasury shares and subsidiary holdings of the issuer, as at the end of the current financial period reported on and as at the end of the corresponding period of the immediately preceding financial year. State also the number of shares held as treasury shares and the number of subsidiary holdings, if any, and the percentage of the aggregate number of treasury shares and subsidiary holdings held against the total number of shares outstanding in a class that is listed as at the end of the current financial period reported on and as at the end of the corresponding period of the immediately preceding financial year.

	No. of ordinary shares	Share capital US\$'000
FY 2020		
Issued and fully paid ordinary shares		
Balance at beginning/end of the financial year	1,500,667,440	1,501
FY 2019		
Issued and fully paid ordinary shares		
Balance at beginning/end of the financial year	1,500,667,440	1,501

1(d)(iii) TO SHOW THE TOTAL NUMBER OF ISSUED SHARES EXCLUDING TREASURY SHARES AS AT THE END OF THE CURRENT FINANCIAL PERIOD AND AS AT THE END OF THE IMMEDIATELY PRECEDING YEAR

The Company's total number of issued shares is 1,500,667,440 as at 30 Jun 2020 (31 Dec 2019: 1,500,667,440).

The Company did not hold any treasury shares as at 30 Jun 2020 (31 Dec 2019: Nil). There were no unissued shares of the Company or its subsidiaries under option as at 30 Jun 2020 (31 Dec 2019: Nil).

1(d)(iv) A STATEMENT SHOWING ALL SALES, TRANSFERS, DISPOSAL, CANCELLATION AND/OR USE OF TREASURY SHARES AS AT THE END OF THE CURRENT FINANCIAL PERIOD REPORTED ON

Not applicable.

1(d)(v) A STATEMENT SHOWING ALL SALES, TRANSFERS, CANCELLATION AND/OR USE OF SUBSIDIARY HOLDINGS AS AT THE END OF THE CURRENT FINANCIAL PERIOD REPORTED ON

Not applicable.

MEWAH INTERNATIONAL INC.

(Incorporated in the Cayman Islands. Registration Number: CR-166055)

Unaudited Financial Statements For The Half Year Ended 30 June 2020

2. WHETHER THE FIGURES HAVE BEEN AUDITED OR REVIEWED, AND IN ACCORDANCE WITH WHICH AUDITING STANDARD OR PRACTICE

The financial statements presented have not been audited or reviewed by the Company's independent auditors.

3. WHERE THE FIGURES HAVE BEEN AUDITED OR REVIEWED, THE AUDITORS' REPORT (INCLUDING ANY QUALIFICATIONS OR EMPHASIS OF A MATTER)

Not applicable.

3A. WHERE THE LATEST FINANCIAL STATEMENTS ARE SUBJECT TO AN ADVERSE OPINION, QUALIFIED OPINION OR DISCLAIMER OF OPINION

(a) Updates on the efforts taken to resolve each outstanding audit issue.

Not applicable.

(b) Confirmation from the Board that the impact of all outstanding audit issues on the financial statements have been adequately disclosed.

Not applicable.

4. WHETHER THE SAME ACCOUNTING POLICIES AND METHODS OF COMPUTATION AS IN THE ISSUER'S MOST RECENTLY AUDITED ANNUAL FINANCIAL STATEMENTS HAVE BEEN APPLIED

The Group has adopted the same accounting policies and methods of computation in the financial statements for the current period compared to the Group's most recently audited financial statements for the year ended 31 Dec 2019 except for the new or amended SFRS(I) that are mandatory for application for the financial year beginning on or after 1 Jan 2020. Changes to the Group's accounting policies have been made as required, in accordance with the transitional provisions in the respective SFRS(I). The adoption of these new or amended SFRS(I) did not result in substantial changes to the Group's accounting policies and had no material effect on the amounts reported for the current or prior financial years.

5. IF THERE ARE ANY CHANGES IN THE ACCOUNTING POLICIES AND METHODS OF COMPUTATION, INCLUDING ANY REQUIRED BY AN ACCOUNTING STANDARD, WHAT HAS CHANGED, AS WELL AS THE REASONS FOR, AND THE EFFECT OF, THE CHANGE

Except as disclosed under paragraph 4, there was no change to the accounting policies and method of computation in the financial statements.

MEWAH INTERNATIONAL INC.

(Incorporated in the Cayman Islands. Registration Number: CR-166055)

Unaudited Financial Statements For The Half Year Ended 30 June 2020

6. EARNINGS PER ORDINARY SHARE OF THE GROUP FOR THE CURRENT FINANCIAL PERIOD REPORTED ON AND THE CORRESPONDING PERIOD OF THE IMMEDIATELY PRECEDING FINANCIAL YEAR, AFTER DEDUCTING ANY PROVISION FOR PREFERENCE DIVIDENDS:-

- (a) Based on the weighted average number of ordinary shares on issue; and
(b) On a fully diluted basis (detailing any adjustments made to the earnings)

	Group	
	SIX MONTHS ENDED	
	30 Jun 2020	30 Jun 2019
Basic and diluted based on weighted average number of shares (US cents per share)	1.85	0.19
Weighted average number of shares applicable to basic and diluted earnings per share ('000)	1,500,667	1,500,667

7. NET ASSET VALUE (FOR THE ISSUER AND GROUP) PER ORDINARY SHARE BASED ON THE TOTAL NUMBER OF ISSUED SHARES EXCLUDING TREASURY SHARES OF THE ISSUER AT THE END OF THE:-

- (a) current financial period reported on; and
(b) immediately preceding financial year

	Group		Company	
	As at		As at	
	30 Jun 2020	31 Dec 2019	30 Jun 2020	31 Dec 2019
Net asset value per ordinary share based on issued share capital as at end of the period (US cents per share)	36.27	34.80	20.13	19.94

8. A REVIEW OF THE PERFORMANCE OF THE GROUP, TO THE EXTENT NECESSARY FOR A REASONABLE UNDERSTANDING OF THE GROUP'S BUSINESS. IT MUST INCLUDE A DISCUSSION OF THE FOLLOWING:-

(a) any significant factors that affected the turnover, costs, and earnings of the group for the current financial period reported on, including (where applicable) seasonal or cyclical factors; and

(b) any material factors that affected the cash flow, working capital, assets or liabilities of the group during the current financial period reported on.

8.1 Income statement

The Group's business consists of two segments, namely Bulk segment and Consumer Pack segment.

The Bulk segment produces and sells vegetable-based edible oil and fat products in bulk form primarily to distributors and factories involved in the production of confectionery, bakery products and other food items.

The Consumer Pack segment produces vegetable-based edible oil and fat products, in consumer pack form and sell under own brands and under the brands of third parties, primarily to importers and distributors at destination markets. The specialty fats and confectionary oils are sold primarily to distributors, and factories involved in the production of confectionery, bakery products and other food items. Besides edible oil and fat products, the Group also sells rice and dairy products in consumer pack form under its own brands.

The following table summarises the segmental sales volume, sales revenue and operating margin ("OM"):

For the period	Total			Bulk			Consumer Pack		
	H1 2020	H1 2019	Change	H1 2020	H1 2019	Change	H1 2020	H1 2019	Change
Sales volume (MT'000)	2,169.9	2,316.9	-6.3%	1,661.8	1,767.9	-6.0%	508.1	549.0	-7.4%
Revenue (US\$'million)	1,485.3	1,419.2	4.7%	1,091.4	1,005.9	8.5%	393.9	413.3	-4.7%
Average selling prices (US\$)	684.5	612.5	11.8%	656.8	569.0	15.4%	775.2	752.8	3.0%
OM (US\$'million)	94.9	53.7	76.8%	70.6	22.3	216.6%	24.3	31.4	-22.6%
OM per MT (US\$)	43.7	23.2	88.4%	42.5	12.6	237.3%	47.8	57.2	-16.4%

Operating margin relating to inter-segment sales is reported under the segment where the final sales to third parties are made.

Since the beginning of this financial year the global proliferation of corona virus pandemic (Covid-19) has negatively affected all countries, including the major origins and the destinations relevant to our business operations. Most of the countries have implemented various lockdown measures such as travel restrictions, regional quarantine, social distancing, work from home etc. Such measures have stalled the economy in general and severely impacted supply chain and market demand in various industries. It is in these abnormal conditions that businesses such as agri-food which constitute an important DNA of human living can demonstrate their resilience. The Group's diversified but integrated business model, large scale manufacturing facilities, strong suppliers' network, long standing customer relationships, market penetration exceeding 100 countries and above all the dedicated and selfless contribution from our employees under extremely challenging operating conditions enabled delivery of this sterling performance.

With the Covid-19 led tight crude palm oil ("CPO") supply situation, the Group's opening inventory along with improved refining margins during the period led to significantly higher first half operating margins for the Bulk segment. The Consumer Pack segment had comparatively lower operating margins as they remained prudent and selective in trade participation during this reduced demand scenario further compounded by the logistic and banking challenges faced by many destination markets more particularly in the initial phase of Covid-19 spread.

MEWAH INTERNATIONAL INC.

(Incorporated in the Cayman Islands. Registration Number: CR-166055)

Unaudited Financial Statements For The Half Year Ended 30 June 2020
8.1.1 Sales volume

For the half year ended 30 Jun 2020 (“H1 2020”), the Group’s sales volume has registered a decrease of 6.3% to 2,169,900 MT. Bulk Segment recorded a decrease of 6.0% to 1,661,800 MT and Consumer Pack segment recorded a decrease of 7.4% to 508,100 MT. Bulk and Consumer Pack segments contributed 76.6% and 23.4% of total sales volume respectively (H1 2019: 76.3% and 23.7% respectively).

8.1.2 Revenue

For H1 2020, revenue increased 4.7% to US\$1,485.3 million supported by 11.8% higher average selling prices, partially offset by 6.3% lower sales volume. Bulk segment recorded an increase of 8.5% in revenue but Consumer Pack segment recorded a drop of 4.7% in revenue. Bulk and Consumer Pack segments contributed 73.5% and 26.5% of total revenue respectively (H1 2019: 70.9% and 29.1% respectively).

8.1.3 Cost of sales

	Group		
	SIX MONTHS ENDED		
	30 Jun 2020	30 Jun 2019	Change
	US\$'000	US\$'000	%
Cost of inventories recognised as an expense	1,359,619	1,291,717	5.3%
(Gains)/Losses from derivative financial instruments	(34,997)	33,982	n.m.
	1,324,622	1,325,699	-0.1%
Labour costs and other overheads	27,571	26,412	4.4%
Total	1,352,193	1,352,111	0.0%

For H1 2020, the Group recorded gains from derivative financial instruments of US\$35.0 million compared to losses of US\$34.0 million last year. Variance is explained by changes in the fair value of derivative financial instruments from the date of the contracts, to the relevant financial reporting dates and upon settlement. Gains or losses from derivative financial instruments being hedging instruments should be read together with the cost of inventories.

Cost of inventories recognised as expense decreased 0.1% after taking into account the gains or losses from derivative financial instruments. Labour costs and other overheads increased 4.4% to US\$27.6 million. Total cost of sales increased marginally to US\$1,352.2 million compared to the previous corresponding period.

8.1.4 Gross profit

For H1 2020, an increase of US\$66.1 million in revenue but with marginal increase in cost of sales resulted in gross profit increasing by US\$66.0 million.

The Group reviews the performance at operating margin level as explained under section 8.1.5.

MEWAH INTERNATIONAL INC.

(Incorporated in the Cayman Islands. Registration Number: CR-166055)

Unaudited Financial Statements For The Half Year Ended 30 June 2020
8.1.5 Operating margin

For H1 2020, operating margin increased 76.8% to US\$94.9 million on the back of higher OM of US\$43.7 per MT compared to US\$23.2 in H1 2019 despite 6.3% lower sales volume. For Bulk segment, operating margin more than tripled to US\$70.6 million supported by higher operating margin of US\$42.5 per MT compared to US\$12.6 in H1 2019. For Consumer Pack segment, operating margin decreased 22.6% to US\$24.3 million on the back of lower operating margin of US\$47.8 per MT compared to US\$57.2 in H1 2019. The segments contributed 74.4% and 25.6% of total operating margin respectively (H1 2019: 41.5% and 58.5% respectively).

8.1.6 Other income

For H1 2020, other income of US\$1.8 million (H1 2019: US\$3.5 million) included interest income of US\$0.6 million (H1 2019: US\$2.1 million).

Interest income depends upon the credit terms of the sales and interest recovery for any delayed payments by customers.

8.1.7 Other (losses)/gains

	Group		
	SIX MONTHS ENDED		
	30 Jun 2020	30 Jun 2019	Change
	US\$'000	US\$'000	%
Foreign exchange (losses)/gains	(21,062)	354	n.m.
(Losses)/Gains on disposal of property, plant and equipment	(43)	24	n.m.
Impairment losses on property, plant and equipment	(3,762)	-	n.m.
Property, plant and equipment written off	(9)	(19)	-52.6%
Impairment losses on other receivables	(2,692)	(4)	n.m.
Total	(27,568)	355	n.m.

Foreign exchange losses or gains arise within the entities in the Group when transactions are denominated in currencies other than the entities' functional currencies. Variance is explained by changes in the exchange rates from the dates of transactions to the dates of settlements or the financial reporting date. The Group uses currency forward contracts to hedge against the foreign exchange fluctuation risk resulting from commodities forward contracts. The foreign exchange losses or gains are better read together with gross profit.

For H1 2020, impairment losses on property, plant and equipment arose from certain assets that are presently expected to perform below investment projections over next year. Based on the review of the recoverable amount, an impairment loss of US\$3.8 million was provided.

For H1 2020, impairment losses on other receivables included value added tax that are uncertain of recovery presently.

MEWAH INTERNATIONAL INC.

(Incorporated in the Cayman Islands. Registration Number: CR-166055)

Unaudited Financial Statements For The Half Year Ended 30 June 2020
8.1.8 (Provision)/Reversal of expected credit losses

The Group has identified specific trade receivables that are credit impaired and recognised a loss allowance at amount equal to lifetime expected credit loss in respect of these receivables. For the remaining trade receivables, they are grouped based on similar risk characteristics and days past due to determine the expected credit loss rate to be applied. In calculating the expected credit loss rates, the Group considers historical loss rates and adjusts to reflect current and forward looking macroeconomic factors affecting the ability of the customers to settle the receivables.

8.1.9 Selling and distribution expenses

	Group		
	SIX MONTHS ENDED		
	30 Jun 2020	30 Jun 2019	Change
	US\$'000	US\$'000	%
Freight	598	1,419	-57.9%
Storage, handling and forwarding	16,570	17,851	-7.2%
Export duties	601	143	320.3%
Other selling and distribution expenses	1,070	1,145	-6.6%
Total	18,839	20,558	-8.4%

The selling and distribution expenses are generally passed-on to customers through the selling prices. The amounts may vary from period to period depending on the sale-terms with the customers.

8.1.10 Administrative expenses

For H1 2020, administrative expenses decreased 0.3% to US\$40.3 million.

8.1.11 Finance expenses

For H1 2020, finance expenses decreased 33.3% to US\$5.4 million from US\$8.1 million for the corresponding period last year due to lower effective interest rates and lower average borrowings.

8.1.12 Profit before tax

For H1 2020, the profit before tax increased US\$34.8 million from US\$2.0 million for H1 2019 to US\$36.8 million for the current period. The increase is mainly due to US\$41.2 million higher operating margin and decrease in finance expenses of US\$2.7 million, partially offset by decrease in other income of US\$1.7 million, impairment losses on property, plant and equipment of US\$3.8 million, impairment losses on other receivables of US\$2.7 million and increase in other operating expenses of US\$0.9 million.

8.1.13 Income tax

For H1 2020, income tax expense was US\$9.6 million compared to credit of US\$0.5 million for the corresponding period last year due to higher profit before tax and change in the mix of results of our subsidiaries in the various jurisdictions and the differences in taxable profits and accounting profits.

MEWAH INTERNATIONAL INC.

(Incorporated in the Cayman Islands. Registration Number: CR-166055)

Unaudited Financial Statements For The Half Year Ended 30 June 2020

8.1.14 Profit after tax

For H1 2020, the Group reported a profit after tax of US\$27.2 million compared to US\$2.5 million for H1 2019. Profit after tax attributable to equity holders of the Company was US\$27.8 million compared to US\$2.8 million for H1 2019.

MEWAH INTERNATIONAL INC.

(Incorporated in the Cayman Islands. Registration Number: CR-166055)

Unaudited Financial Statements For The Half Year Ended 30 June 2020

8.2 Statement of financial position

8.2.1 Current assets

Current assets decreased US\$134.2 million from US\$783.5 million to US\$649.3 million mainly due to:

- (a) decrease of US\$80.1 million in inventories, giving inventories days of 33 days (31 Dec 2019: 44 days). The Group was carrying lower inventories due to lower average prices as at 30 Jun 2020 and increased focus on working capital conservation.
- (b) decrease of US\$62.7 million in trade receivables, giving trade receivables days of 22 days (31 Dec 2019: 32 days). The decrease was due to lower average selling prices as at 30 Jun 2020 and reduced credit sales.
- (c) decrease of US\$52.5 million in other receivables mainly due to decrease in commodity trading variation margin payment.
- (d) decrease of US\$31.8 million in derivative financial instruments assets due to changes in the fair value of derivative financial instruments from the date of the contracts to the financial reporting date.
- (e) Increase of US\$96.8 million in cash and cash equivalents as explained in Note 8.3.

8.2.2 Non-current assets

Non-current assets decreased US\$20.3 million from US\$469.3 million to US\$449.0 million mainly due to depreciation of currencies in the jurisdiction where the Group operates against the US dollar as at 30 Jun 2020 compared to 31 Dec 2019 and depreciation charges partially offset by capital expenditure for expansion majorly in Malaysia.

8.2.3 Total liabilities

Total liabilities decreased US\$175.5 million from US\$730.2 million to US\$554.7 million mainly due to:

- (a) decrease of US\$115.0 million in borrowings due to decrease in working capital requirements and as part of overall cash flow planning.
- (b) increase of US\$4.0 million in trade payables, giving trade payables days of 17 days (31 Dec 2019: 17 days). Amount of trade payables depends on payment terms for the purchases and is part of overall cash flow planning.
- (c) increase of US\$15.7 million in other payables mainly due to increase in commodity trading variation margin deposits received which was in a net receivable position last year.
- (d) increase of US\$1.6 million in contract liabilities.
- (e) decrease of US\$87.3 million in derivative financial instruments liabilities due to changes in the fair value of derivative financial instruments from the date of the contracts to the financial reporting date.

MEWAH INTERNATIONAL INC.

(Incorporated in the Cayman Islands. Registration Number: CR-166055)

Unaudited Financial Statements For The Half Year Ended 30 June 2020

8.3 Consolidated statement of cash flows

H1 2020

The Group generated operating cash flows of US\$56.5 million before working capital changes and generated US\$166.0 million from changes in working capital. The Group utilised US\$4.4 million for net interest and income tax. US\$13.1 million was used for investing activities and US\$106.4 million was used in financing activities. After adjusting for effect of changes in exchange rate, cash and cash equivalents increased by US\$96.8 million to US\$158.6 million.

9. WHERE A FORECAST, OR A PROSPECT STATEMENT, HAS BEEN PREVIOUSLY DISCLOSED TO SHAREHOLDERS, ANY VARIANCE BETWEEN IT AND THE ACTUAL RESULTS

No forecast or no prospect statement was previously disclosed to shareholders.

10. A COMMENTARY AT THE DATE OF THE ANNOUNCEMENT OF THE SIGNIFICANT TRENDS AND COMPETITIVE CONDITIONS OF THE INDUSTRY IN WHICH THE GROUP OPERATES AND ANY KNOWN FACTORS OR EVENTS THAT MAY AFFECT THE GROUP IN THE NEXT REPORTING PERIOD AND THE NEXT 12 MONTHS

The performance of the first half should not be extrapolated as a mirror for the remaining portion of the year. Concerns remain about new waves of virus infection, prolonged lockdowns in countries and re-emerging trade friction between the U.S. and China. All these factors will continue contributing to the price volatility of commodities. It is still uncertain when will consumption recover back to normal. However the Group remains confident of its future as it is competitively placed in the attractive part of the agri-food supply chain with its robust integrated business model, efficient large-scale manufacturing facilities, well established brands and global distribution network. The Group's financial position remains strong to sustain and support current business and future growth plans.

MEWAH INTERNATIONAL INC.

(Incorporated in the Cayman Islands. Registration Number: CR-166055)

Unaudited Financial Statements For The Half Year Ended 30 June 2020

11. DIVIDEND

(a) Whether an interim (final) ordinary dividend has been declared (recommended) for the current financial period reported on?

Yes.

(b) Amount per share for current and previous corresponding period

(i) Current Financial Period Reported On

Name of dividend	Interim exempt dividends
Dividend type	Cash
Dividend amount per share (Singapore cent per share)	0.15

(ii) Corresponding period of the immediately preceding financial year

Name of dividend	Interim exempt dividends
Dividend type	Nil
Dividend amount per share (Singapore cent per share)	Nil

(c) Whether the dividend is before tax, net of tax or tax exempt. If before tax or net of tax, state the tax rate and the country where the dividend is derived. (If the dividend is not taxable in the hands of shareholders, this must be stated)

Dividend is tax exempt and declared in Singapore.

(d) Date Payable

31 Aug 2020

(e) Books Closure Date

24 Aug 2020

12. IF NO DIVIDEND HAS BEEN DECLARED OR RECOMMENDED, A STATEMENT TO THAT EFFECT

Not applicable.

MEWAH INTERNATIONAL INC.

(Incorporated in the Cayman Islands. Registration Number: CR-166055)

Unaudited Financial Statements For The Half Year Ended 30 June 2020

13. IF THE GROUP HAS OBTAINED A GENERAL MANDATE FROM SHAREHOLDERS FOR IPTs, THE AGGREGATE VALUE OF SUCH TRANSACTIONS AS REQUIRED UNDER RULE 920(1)(A)(II). IF NO IPT MANDATE HAS BEEN OBTAINED, A STATEMENT TO THAT EFFECT.

Name of Interested Person	Aggregate value of all IPT during the period under review (excluding transactions less than SGD100,000 and transactions conducted under shareholders' mandate pursuant to Rule 920)	Aggregate value of all IPT conducted under shareholders' mandate pursuant to Rule 920 (excluding transactions less than SGD100,000)
	H1 2020 US\$'000	H1 2020 US\$'000
Prelude Gateway Sdn. Bhd.	89	1,141
Ecolex Sdn. Bhd.	12	8,974
Containers Printers Pte Ltd	NIL	182
Nature International Pte Ltd	2	NIL
Mr Cheo Seng Jin	498	NIL
Mr Cheo Tiong Choon	505	NIL
Kent Holidays (S) Pte Ltd	15	NIL
Choon Heng Logistics Pte Ltd	96	NIL

MEWAH INTERNATIONAL INC.

(Incorporated in the Cayman Islands. Registration Number: CR-166055)

Unaudited Financial Statements For The Half Year Ended 30 June 2020

14. NEGATIVE CONFIRMATION PURSUANT TO RULE 705(5)

We, Dr Cheo Tong Choon @ Lee Tong Choon and Michelle Cheo Hui Ning, being two of the directors of Mewah International Inc. (the “Company”), do hereby confirm on behalf of the directors of the Company, that, to the best of our knowledge, nothing has come to the attention of the board of directors of the Company which may render the financial results of the Company and of the Group for the financial period ended 30 June 2020 to be false or misleading, in any material aspect.

On behalf of the Board of Directors,

DR CHEO TONG CHOON @ LEE TONG CHOON
Chairman and Executive Director

MICHELLE CHEO HUI NING
Chief Executive Officer and Executive Director

15. CONFIRMATION THAT THE ISSUER HAS PROCURED UNDERTAKINGS FROM ALL ITS DIRECTORS AND EXECUTIVE OFFICERS (IN THE FORMAT SET OUT IN APPENDIX 7.7) UNDER RULE 720(1)

The Company has procured undertakings from all its directors and executive officers (in the format set out in Appendix 7.7 of the Mainboard Rules) under Rule 720(1) of the Mainboard Rules.

BY ORDER OF THE BOARD

MICHELLE CHEO HUI NING
Chief Executive Officer and Executive Director
14 August 2020